

## Message Text

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PAGE 01 SEOUL 02688 121028Z

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ACTION EB-07

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FM AMEMBASSY SEOUL

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TAGS: ETRD JA KS

SUBJECT: OVERALL AGREEMENT REACHED IN ROK-JAPAN SILK DISPUTE

REF: SEOUL 2471

SUMMARY: DEPUTY PRIME MINISTER NAM DUCK-WOO (M/R NAM TOK-U) CONFIRMED TO ECON COMMERCIAL COUNSELOR PRESS REPORTS OF APRIL 11 THAT AN OVERALL COMPROMISE HAD BEEN REACHED WITH GOJ ON THE SILK TRADE DISPUTE AND THAT NEGOTIATIONS OVER IMPORTANT DETAILS AND ADMINISTRATIVE ARRANGEMENTS ARE CONTINUING. END SUMMARY.

1. ACCORDING TO PRESS REPORTS, ROKG AND GOJ NEGOTIATORS ON APRIL 10 REACHED AGREEMENT PROVIDING FOR OVERALL CEILINGS ON RAW SILK AND THROWN SILK YARN AT A LEVEL DESIRED BY THE ROKG AS WELL AS LIMITATIONS ON PROCESSED SILK PRODUCTS THAT HAD BEEN SOUGHT BY THE GOJ.

2. THE VOLUME OF RAW SILK AND THROWN SILK YARN FROM KOREA WAS SET AT 32,600 BALES (OF 60 KILOGRAMS) FOR THE NINE MONTHS FROM APRIL THROUGH DECEMBER, 1976. INASMUCH AS 7,400 BALES WERE SHIPPED IN THE FIRST QUARTER OF 1976, THE 1976 ANNUAL TOTAL WOULD BE LIMITED OFFICIAL USE

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PAGE 02 SEOUL 02688 121028Z

40,000 BALES WHICH REPRESENTS COMPROMISE BY JAPANESE WHO,

ACCORDING TO THE KOREAN PRESS, HAD SOUGHT 26,000 BALE LIMIT AND BY KOREANS FROM THEIR PUBLICITY STATED POSITION OF 48,000 BALES. UNDER AN ADDITIONAL UNDERSTANDING, KOREAN EXPORT OF 10,650 BALES WILL BE PERMITTED IN THE FIRST QUARTER OF 1977.

3. SECOND ASPECT OF THE AGREEMENT IS TO ESTABLISH RESTRAINTS ON KOREAN EXPORTS OF SILK FABRICS AT THE 1975 LEVEL.

4. THE NEGOTIATORS ARE CONTINUING DISCUSSIONS TO REACH ACCOMMODATIONS ON STATISTICAL DISCREPANCIES, THE LIMITS FOR CATEGORIES OF PRODUCTS UNDER THE OVERALL CEILINGS, AND ADMINISTRATIVE ARRANGEMENTS WHICH ASSUME IMPORTANCE BECAUSE OF THEIR EFFECTS FOR THE VALUES OF ROK EXPORTS.

5. IN CONVERSATION APRIL 11, DEPUTY PRIME MINISTER NAM CONFIRMED THE ABOVE DETAILS TO ECON/COMMERCIAL COUNSELOR AND EXPRESSED SATISFACTION THAT THE SETTLEMENT IS IN A RANGE WHICH IS POLITICALLY ACCEPTABLE TO THE ROKG. HE NOTED THAT THE PRESENCE OF PARLIAMENTARY VICE MINISTERS KOICHI HAMADA OF MINISTRY OF AGRICULTURE AND FISHERIES AND TAMISUKE WATANUKI OF MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, WHO CONDUCTED A WHIRLWIND SERIES OF CONCILIATORY DISCUSSIONS WITH ROK ASSEMBLY MEMBERS AND GOVERNMENT OFFICIALS, HAD BEEN VERY HELPFUL. NAM ALSO NOTED THAT ROKG HAD NOT CONSIDERED REFERRING DISPUTE TO GATT AS A VIABLE OPTION BECAUSE THAT FORUM DOES NOT OFFER A FAVORABLE ATMOSPHERE FOR DISCUSSION OF AGRICULTURAL ISSUES.

6. DESPITE THE INITIAL MAJOR UPROAR IN THE PRESS, THE SILK DISPUTE HAS BEEN RESOLVED RELATIVELY QUICKLY AND ON PRECISELY THE TERMS THAT INFORMED ROK POLITICAL CIRCLES WITH CLOSE JAPANESE CONTACTS PREDICTED PRIVATELY APRIL 1. ALTHOUGH DETAILS REMAIN TO BE SETTLED, THEY ARE UNLIKELY TO BE ALLOWED TO MAR THE BARGAIN STRUCK ON A DIFFICULT QUESTION FOR BOTH GOVERNMENTS.  
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## Message Attributes

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